



Office of Health Policy and Program Support
P.O. Box 720724
Sacramento, CA 94229-0724
Telecommunications Device for the Deaf - (916) 795-3240
Toll Free: (888) CalPERS (225-7377)
FAX (916) 795-4105

February 20, 2008

AGENDA ITEM 4c

TO: MEMBERS OF THE HEALTH BENEFITS COMMITTEE

- I. SUBJECT:** 2007 Open Enrollment Statistics
- II. PROGRAM:** Health Benefits
- III. RECOMMENDATION:** Information
- IV. BACKGROUND:**

This agenda item presents the results of movement during 2007 open enrollment, showing that 10.3 percent (60,258) of CalPERS' 585,317 subscribers transferred health plans.

This item also presents information on enrollment choices resulting from Board decisions affecting CalPERS health plan offerings for 2008, including: discontinuation of Western Health Advantage (WHA); offering two new plan choices, PERS Select and Blue Shield Net Value; Blue Shield's four-county withdrawal and Blue Shield's new HMO offering in Humboldt County. It also includes information on the health plans to be included in the State of California's annuitant health benefit contribution ("100/90") formula for 2009, based on January 2008 enrollment figures.

V. ANALYSIS:

Transfer Summary

During 2007 open enrollment, 60,258 (10.3 percent) of CalPERS' 585,317 subscribers transferred plans. This represents 141,556 total covered lives, or 11.3 percent of 1,251,316 total covered lives. (Based on December 1, 2007 enrollment figures.) For comparison, in 2002 – the last year in which the Board approved major plan offering changes – 30 percent (170,046) of the 559,067 total subscribers changed plans. In recent years with no plan changes, approximately 2.5 percent transferred. As a result, staff believes approximately 8 percent of this year's subscriber movement was due to plan changes.

Among the 60,258 subscribers,

- 58,480 or 12.6 percent of the 465,643 Basic plan subscribers transferred, and
- 1,778 or 1.5 percent of the total 119,674 Medicare subscribers transferred.

Movement Out of Plans

Blue Shield Access Plus – the traditional Blue Shield plan – had the largest number of subscribers transferring to other plans (44,222), with 81 percent (35,793) enrolling in Net Value. Approximately half (4,568) of the remaining 8,429 enrolled in PERS Choice and approximately a quarter (2,176) enrolled in Kaiser.

For Kaiser, approximately a third (727) of the 2,014 subscribers who transferred out enrolled in Blue Shield Access Plus. Approximately one-fourth (463) enrolled in Net Value and approximately the same amount (468) enrolled in PERS Choice.

Approximately half (4,808) of WHA's 9,232 subscribers enrolled in Net Value, and approximately 10 percent each enrolled in Kaiser (1,018) and PERS Choice (927).

Movement Into Plans

For Blue Shield Access Plus, approximately half (2,313) of the 4,259 subscribers enrolling came from WHA. Approximately half (998) of the remaining 1,946 subscribers came from PERS Choice, and 727 from Kaiser.

Nearly all (40,601 or 98%) of the 41,391 subscribers enrolling in the new Blue Shield Net Value plan came from within Blue Shield (35,793) or from WHA (4,808). Net Value also received 463 former Kaiser subscribers and 280 from PERS Choice.

For Kaiser, over half (2,176) of the 3,944 subscribers transferring in came from Blue Shield Access Plus. Approximately one-fourth (1,018) came from WHA, and 557 transferred from PERS Choice.

For PERS Select, the majority (828 or 56%) of the 1,491 subscribers enrolling in the plan came from PERS Choice. Also, 433 Blue Shield traditional plan subscribers enrolled in PERS Select.

Net Changes

The net change resulting from both transfers into and out of each plan shows the overall effect of plan-to-plan transfers. Following is the net percentage change in

each plan's CalPERS subscriber base due to 2007 open enrollment movement, and the associated number of subscribers.

- Combining the net changes of Blue Shield Access Plus and Net Value gives Blue Shield a total net gain of 1,428 subscribers. This increased its total subscriber base by 0.8 percent.
- CAHP (12), Kaiser (1,930), and PERSCare (158) had net gains that increased those plans' subscriber bases by less than 1 percent.
- CCPOA had a net increase of 305 subscribers or 3.0 percent.
- PERS Choice had a net increase of 3,249 subscribers or 2.8 percent.
- PORAC had a net increase of 659 subscribers or 10.2 percent.

The remainder of the analysis reports member counts using total covered lives, except where noted.

Western Health Advantage Discontinuation

The Board's decision to discontinue WHA for 2008 affected 23,092 members in six counties: Colusa, Placer, Sacramento, Solano, Yolo, and parts of El Dorado. All WHA members had an HMO option after the plan's discontinuation except in El Dorado, where 88 percent (693 of 790) had an HMO option.

Approximately half (12,600) of WHA's members enrolled in Net Value, approximately one-fourth (5,595) enrolled in Blue Shield Access Plus, approximately 10 percent each enrolled in Kaiser (2,417) and PERS Choice (2,070), and the remaining 5 percent enrolled in PERSCare or the association plans (PERSCare – 85; CAHP – 23; CCPOA – 65; PORAC – 87).

New PERS Select Plan

More than half (1,739) of the 3,143 members who enrolled in PERS Select came from PERS Choice. The majority of PERS Choice members (195,519 or 83% of 235,948) had the PERS Select option, and 0.9 percent (1,739) of those enrolled in the plan. Among those who enrolled, 69 percent were already seeing a Select network physician in 2007.

Approximately three-fourths (2,212) of the enrollment in PERS Select occurred in urban counties.

At the county level, the highest percentage enrolling in PERS Select from all plans include: Lake (123 or 4.0% of 3,091), Colusa (36 or 3.5% of 1,039), and Plumas (32 or 2.2% of 1,452). Five counties had one to two percent enroll (Humboldt – 113 of 10,482; Napa – 155 of 13,425; Nevada – 79 of 7,161; Shasta – 192 of 11,189; Tuolumne – 80 of 4,714). In the remaining 46 counties, less

than one percent of each county's CalPERS membership enrolled in PERS Select.

New Blue Shield Net Value Plan

Nearly all the enrollment into Blue Shield's new Net Value plan (98,241 or 98% of 99,977) came from Blue Shield and WHA.

Sixty-three percent (246,807) of the total 392,726 Blue Shield members live or work in the 17 counties where Blue Shield offered Net Value. Approximately one-third (85,641) of those eligible enrolled in the new plan.

Looking at county-level enrollment in Net Value among Blue Shield members, the largest was in Fresno (10,329 or 69% of 14,967) and Nevada (2,978 or 68% of 4,399). Eleven counties have 29 to 60 percent in the new plan, and four counties have 18 percent or less.

County-level enrollment in Net Value from all plans shows the largest enrollment was in Nevada (3,149 or 43% of 7,161) and Fresno (11,619 or 35% of 29,716). Ten counties have 14 to 27 percent in the new plan and, and five counties have 10 percent or less.

Blue Shield Four-County Withdrawal

For 2008, Blue Shield withdrew from Lake, Napa, and Plumas counties, and parts of El Dorado. All members in Napa (3,409) had an HMO option after the withdrawal. No HMO option was available for members in Lake (2,004), Plumas (569), and parts of El Dorado County (2,773 or 46% of 6,019), but they did have the lower-cost PERS Select PPO option.

The majority (5,391 or 68%) of the 7,933 members in the four counties enrolled in PERS Choice and 1,331 or 17 percent enrolled in Kaiser. Five percent or less of the 7,933 enrolled in each of the remaining plans.

Looking at the counties individually, Napa and El Dorado saw member enrollment similar to that for the four counties combined, with the majority going to PERS Choice (Napa – 2,012 or 62% of 3,223; El Dorado – 1,510 or 65% of 2,319) and 20 percent on average going to Kaiser (Napa – 900 or 28% of 3,223; El Dorado – 370 or 16% of 2,319). In El Dorado, nine percent (199 of 2,319) went to Net Value. As there is no HMO option in Lake and Plumas Counties, larger percentages went to PERS Choice (Lake – 1,373 or 75% of 1,844; Plumas – 496 or 91% of 547). A very small number (61 or 3%) in Lake County went to Kaiser. These members likely exercised the live or work option for determining plan eligibility. Approximately five percent in Lake (118 of 1,844) and Plumas (26 of 547) enrolled in PERS Select.

Blue Shield HMO Offering in Humboldt County

In May 2007, Blue Shield began offering its HMO plan in Humboldt County, marking the first time an HMO option has been available there since 2001.

When first offered, approximately a third (3,641 of 10,364) of Humboldt's members chose the HMO option. By the close of 2007 open enrollment, an additional 202 members joined the plan.

January 2008 Member Distribution

As a result of all enrollment activity throughout 2007, including 2007 open enrollment movement, CalPERS January 2008 enrollment data show the following distribution of total covered lives (TCLs) in CalPERS' health plans.

Plan	Jan 2008 TCLs	Percent
Kaiser (incl out-of-state)	459,056	36.5
Blue Shield Access Plus	298,846	23.7
PERS Choice	243,408	19.3
Net Value	101,164	8.0
PERSCare	71,432	5.7
CCPOA	33,777	2.7
CAHP	28,127	2.2
PORAC	19,082	1.5
PERS Select	3,482	0.3
Total	1,258,374	100.0

Change in Plans Included in the State Annuitant Contribution Formula for 2009

Section 22871 of the Public Employee's Medical and Hospital Care Act (PEMHCA) states that the state annuitant health benefit contribution ("100/90") formula uses the four health benefit plans with the largest state Basic plan subscriber enrollment (actives and annuitants) for the previous benefit year. (For example, January 2008 enrollment figures determine which plans CalPERS will use in its health benefit contribution formula for the 2009 rate year.)¹

¹ Per PEMHCA, CalPERS determines the state annuitant health benefit contribution by calculating the weighted average of the premiums of the four Basic HMO and PPO plans with the largest state enrollment (active and annuitant members). The contribution for annuitants is 100 percent of this weighted average. For dependents, the contribution is 90 percent of the weighted average of the additional premiums for those dependents.

CalPERS January 2008 enrollment figures show that Net Value replaces PERSCare as the plan with the fourth largest number of state Basic plan subscribers. Using 2008 premium data for comparison purposes, replacing PERSCare with Net Value in the 100/90 formula results in a monthly health benefit contribution reduction of \$13 for a single subscriber, \$16 for two-party, and \$13 for a family. CalPERS will not know the exact impact on the 100/90 contribution for 2009 until the Board approves 2009 health plan rates in June.

VI. STRATEGIC PLAN:

This is an information item summarizing the impact of the Board's strategic decisions on subscriber plan choices during 2007 open enrollment.

VII. RESULTS/COSTS:

This is an information item only.

Sandra Felderstein, Chief
Office of Health Policy and Program Support

Gregory A. Franklin
Assistant Executive Officer
Health Benefits Branch

Attachment